

Latinos, or 34 percent of those Latinos, are without any form of health insurance, and as a result, Latinos depend on Medicaid as their only means of health care access. By making preventive and primary care more readily available, and by protecting against and providing care for serious diseases, Medicaid has improved the health of millions of low-income Latinos and their families.

Despite Medicaid's enormous importance in providing access to health care services for millions of Latinos, Medicaid remains under assault by the Republican Congress and its administration. When the Republicans took control of Congress back in 1995, the first thing they did was propose slashing Medicaid by \$128 billion to pay for the tax cuts for the wealthiest Americans.

Once again, Medicaid is under assault, and the Republicans are at it again. The Republican proposal would shift the cost to States and beneficiaries, undermine the ability to provide health care services, and ultimately increase the number of uninsured.

□ 2030

Medicaid cuts would shut the neediest individuals out of public health programs. Latinos represent nearly one-fifth of the Medicaid beneficiaries. They would be disproportionately affected by these cuts. Latinos are already marginalized in this country. At a time when Latinos lack proper health insurance and are facing rising health care costs, cuts in Medicaid funding will ultimately deny care and treatment to the most vulnerable. Many of these cuts for Medicaid will be forced to rely on emergency medical services and, as you know, will cost the taxpayers more money.

The administration has allowed 5.4 million Americans to slip into poverty. Under the proposal in my State of California, it is estimated to lose over \$174 million in Federal funds annually, and current enrollment would drop by 3 million people. In my county alone, in L.A., the loss would be close to \$74.5 million, affecting over one million beneficiaries.

A recent study shows the combination of stagnant income and staggering increases, important items like health care, housing, education, transportation, all affecting our families. These cuts do nothing to relieve America's working families.

Let us do the right thing. Let us make sure we fully fund Medicaid so that American families and Latino families have full access to affordable quality health care for themselves and their children.

On this eve where we are paying tribute to a former Member of Congress, Congressman Ed Roybal from Los Angeles, who was a pioneer advocating for the elderly and health care and Medicaid, I would ask that we remember at this time his strength and his tenacity

in this House and how he fought so hard for the coverage of services through Medicaid for our seniors and especially those in East Los Angeles and across the country.

The SPEAKER pro tempore (Mr. SODREL). Under a previous order of the House, the gentleman from California (Mr. GEORGE MILLER) is recognized for 5 minutes.

(Mr. GEORGE MILLER of California addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

DEFICIT DANGERS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 4, 2005, the gentleman from South Carolina (Mr. SPRATT) is recognized for 60 minutes as the designee of the minority leader.

Mr. SPRATT. Mr. Speaker, last week I came to the well of this House to express my concern along with the concern of others in the Committee on the Budget who joined us that night about the direction that a process we call reconciliation was taking.

This week my concerns have not been allayed. They have been aggravated because I see the course that reconciliation has taken, and it is coming home closer and closer to programs that matter to those that can least afford to take the hits that they are about to receive. As we speak, our colleagues, our Republican colleagues from across the aisle, are debating and considering and moving toward big cuts in Medicaid, student loans, child support enforcement, child foster care, and supplemental security income, farm conservation, the list goes on. About \$50 billion in spending cuts spread over about a 5-year period of time.

They have offered up these spending cuts as a way to offset, partially at least, the spending increases that the responses to hurricanes Katrina and Rita will require; but in actuality, these spending cuts will not go to offset the costs of Hurricane Katrina because the Republican budget calls for \$106 billion in additional tax cuts. And when these additional tax cuts are passed, the spending cuts that are also being proposed will simply go to make up for the revenue losses to some extent caused by the tax cuts they are proposing.

Since the spending cuts are \$50 billion, as this chart here shows, and the tax cuts are \$106 billion, none of the spending cuts will ever make it to the bottom line where they might otherwise be available and applied to the offset of the cost of Katrina and Rita.

So the first problem that we as Democrats have, with what our Republican colleagues are pushing and pushing hard this week, is that it is not what it purports to be. It is not what it claims to be. It is not a plan to pay for Hurricane Katrina. It is

a plan to facilitate \$106 billion in additional tax cuts, notwithstanding the fact that we have last year, just a few weeks ago, we closed the books, and the deficit for the preceding fiscal year was the third largest in history, \$320 billion; \$106 billion in additional tax cuts at a time when we have a \$320 billion deficit that is only likely to get worse this year because of the cost of the hurricane.

The second problem that we as Democrats have with the plan that our colleagues are pushing is that we believe the cost to help one State sustain the catastrophic costs of a natural disaster, a disaster like Hurricane Katrina, should be borne by all the States and spread over the entire population, the whole country, but spread equitably, spread equitably. We do not believe that those least able to bear the costs should be burdened with the lion's share of the load, and yet that is exactly what is taking shape.

That is exactly what they are doing, pushing a plan to pay for the cost of Hurricane Katrina, at least under that pretext that will come down on the backs of college students borrowing to pay for their education; on the backs of the sick whose only access to care is Medicaid; and on the backs of the very poor who depend on food stamps and foster care and child support enforcement, all of these things. These are the programs and the bore sights of the plan that are about to be brought to the floor.

These are just some, a sampling of those on whom these cuts are going to fall.

So what we have coming before the House this week, if it does indeed come forth, is a plan for spending cuts that does not serve its stated purpose because it does not go to pay for the cost of Hurricane Katrina, not a dime of it. And the spending cuts it selects, whether to offset more tax cuts or to pay for Katrina, come down on those, as I have said, who are least able to bear them.

On our side we think it is fair to ask, Why this sudden interest in offsets? Why insist on offsets to pay for building or rebuilding Biloxi, but not insist on offsets for building or rebuilding or building back Baghdad for which we have appropriated so far more than \$20 billion?

One reason that our colleagues have suddenly seized on this issue is that the evidence of bad budgeting, of fiscal failure, of endless deficits is mounting and spreading and becoming undeniable is too much to sweep under the rug. On their watch, the Federal budget has descended from a surplus of \$236 billion in the year 2000, the last full fiscal year of the Clinton administration, to a deficit of \$320 billion last year and \$412 billion the year before.

The deficit will only be worse this year, as I have said, this fiscal year, 2006, because this year is when most of the spending to fix up and respond to Katrina is going to be paid out. Here is

one simple, back-of-the-envelope way of looking at the budgets that we have had and the impact of these budgets that bottom-line over the last 5 fiscal years.

Our Republican colleagues have had to come to the floor four times and raise the debt ceiling, the legal limit to which the United States can borrow, incur debt, in order to make room for the budgets of the Bush administration. As a consequence, in June 2002 they had to vote to raise the debt ceiling by \$450 billion. In May, just a year later, they had to raise it again by a record amount, \$984 billion. You would think that \$984 billion would give you plenty of room for additional deficits to be accommodated, but no.

In November 2004, 15, 16 months later, \$800 billion had to be added to the debt ceiling. In the budget resolution that will come to the floor this week, there is a contingent provision that when the Senate passes the provision, the debt ceiling will be raised one more time by \$781 billion. Add up these four increases in the debt ceiling over the last 5 fiscal years, you get 3 trillion, 15 billion; \$3 trillion, the amount by which they have had to raise the debt ceiling to accommodate their budget. That says it, as I said, on the back of the envelope, better than any way I could possibly put it.

When the Bush administration closed the books on fiscal year 2005, just 3 weeks ago, they announced a bit better deficit, no doubt about it, a deficit of \$320 billion. But that is still the third largest deficit in our Nation's history. And it shows you how sad the State of our fiscal affairs have become when the White House boasts about and brags about a \$320 billion deficit as being good.

Mr. Speaker, I yield to the gentleman from Virginia (Mr. SCOTT).

Mr. SCOTT of Virginia. Mr. Speaker, the gentleman indicated that last year was the third largest deficit in the history of the United States. When were the other two?

Mr. SPRATT. The year before it was 412, and the year before that it was 375. Those are the three worst over the last 3 years, three record deficits in a row.

Here is the hard part. It would be bad enough if that were behind us and we are now having to live with this \$3 trillion increase in the debt ceiling of the United States, but the future looks even bleaker. This September, the Congressional Budget Office, which is neutral and nonpartisan, prepared for us, as they always do, it is their custom and I think it is required by law, an update of the economy and the budget and a projection of where the economy was going and a projection of where the budget was going with the economy. Here is what they came up with.

They predicted a deficit of \$319 billion. That is about where we came out. Look at the red line here and you will see their continued projection shows that over the next 10 years the deficit will double. It will increase from 320 to

\$640 billion in the year 2015. That is CBO's projection per certain requests we made to them to adjust their baseline survey.

We said to CBO, take your baseline survey and assume four things in the President's budget: number one, that the tax cuts passed in 2001, 2002, and 2003 will all be renewed and extended when they expire at the end of 2010;

Number two, that the alternative tax will be fixed as we all know it must be so it does not affect middle-income taxpayers to whom it was never intended;

Number three, that we will eventually have a drawdown of our troops in Afghanistan and Iraq, principally Iraq, so that we have 20,000 in each theater. CBO has a model for estimating what the likely cost of that force is going to be;

Finally, the President gave us the numbers for implementing his Social Security privatization program for the last 2 years of his 5-year forecast. Pick up where he left off and carry it out 10 years. Make those changes, we said to CBO, and tell us what then. If you hit the highlights, carry out the basics of the Bush budget, what then happens to the budget? Here is what happens with the deficit: it goes from 320 to 640 in 10 years.

The debt of the United States held by the public, and in many cases held by foreigners, goes from \$4.6 trillion in 2005 to \$9.2 trillion in 2015. Debt service, this is obligatory, this is one thing in the budget that has to be paid or the credit of the United States will collapse, the debt service that we now pay, the interest we now pay on the national debt, net interest, will increase from \$182 billion in 2005 to \$458 billion in 2015. It will become one of biggest items in the budget. This is the sort of thing that breeds cynicism of our government, because people pay heavy taxes, yet they see nothing in return due to the fact that money is going to service the national debt.

One thing else, a lot of this is due to tax cuts that they keep making despite the bottom line, despite the fact that the original forecast showing \$5.6 trillion in surpluses over a 10-year period of time no longer apply. However, those tax cuts eventually become a debt tax because that is what you see here. We have a debt tax, a tax that has to be laid on the people in order to pay the debt service, the interest on the national debt, which is truly obligatory.

Mr. Speaker, I yield to the gentleman from Virginia (Mr. SCOTT).

Mr. SCOTT of Virginia. Mr. Speaker, I thank the gentleman for pointing that out. Sometimes it is helpful to puts these numbers in perspective. Is it not true that the military budget on an annual basis is approximately \$400 billion?

Mr. SPRATT. It is indeed. That is true. It has increased substantially.

Mr. SCOTT of Virginia. So the debt service in 2015 is going to rival the entire military budget?

Mr. SPRATT. That is true.

Mr. SCOTT of Virginia. And you get absolutely nothing for interest on the national debt. It is money down the drain. You do not get the first rifle. You do not get the first schoolbook. You do not get any health care. You do not get anything for interest on the national debt.

Mr. SPRATT. But it has to be paid. It is obligatory. There is no way around it. You have got to pay it, otherwise the bonds default and the country is in bankruptcy. We cannot let that happen.

Let me touch on the package that we expect to come to the floor to show what our concern is and why we are here at this hour of the day talking about the package that the Republicans are putting together to bring to the floor ostensibly to pay for some of the costs for Hurricane Katrina but truly, truly to offset additional tax cuts of \$106 billion.

Originally, as the gentleman from Virginia (Mr. SCOTT) knows, because this is his committee and he can comment further upon it, the Higher Education Act had to be amended this year and was to be amended so that student loans would enjoy fixed rates, not variable rates which would go up as interest rates go up as they are likely to do in the near future.

□ 2045

That decision has been discarded. It is gone.

Next, origination fees. The front-end fees that students have to pay to take out a student loan were to be lowered. Not anymore, not with the latest cut. What we are looking at are the barest component parts of this bill called the reconciliation bill that is coming to the floor. It went directly from the Committee on the Budget to the committees of jurisdiction, like the Committee on Education and the Workforce, and they said cut so much money from programs in your jurisdiction. So where did the Committee on Education and the Workforce cut? They turned to student loans, the most significant part of their budget, and the Pension Benefit Guaranty Corporation.

Mr. SCOTT of Virginia. Mr. Speaker, I would point out, and I appreciate the gentleman bringing this to our attention, that when the Committee on the Budget instructed the Committee on Education and the Workforce to cut mandatory spending by those billions of dollars, there were only a couple of programs in the education jurisdiction that has mandatory spending. One is student loans, and then school lunches, and, to a little minor extent, job training. Those are the only programs we could cut to accommodate that instruction that the Committee on the Budget gave.

When you start talking about balancing the budget, and we say balancing the budget on the backs of those that actually need the help, going after student loans, when student loans right now and when assistance for higher education is at an all-

time low, 20 or 30 years ago a Pell grant would cover about 85 percent of the cost of going to a public college. Now it is about 30 percent, and the rest you have to make up with student loans. We are cutting the student loan subsidies, which means that the students could end up paying thousands of dollars more for their education than they do now. That is because we are not paying for Katrina. We are paying for the tax cuts, and some of these tax cuts are about as mean-spirited in terms of priorities as you can imagine.

We call them tax cuts for the wealthy. People say, oh, no, no, it is not tax cuts for the wealthy. The gentleman from South Carolina (Mr. SPRATT) is familiar with the tax cut that had not even gone into effect yet but will go into effect next year.

Two hundred billion dollars, 5-year cost, to implement the two tax cuts that address the personal exemption and standard deduction phase-in. We have a chart that shows who gets the benefit of this \$200 billion. If you make under \$75,000 a year, you do not get anything; \$75,000 to \$100,000, on average you will get \$1.00; \$100,000 to \$200,000 on average will get \$25, there is a bar down there, you just cannot see it, in terms of what you might get, but \$25; \$200,000 to \$500,000, about 500 and some dollars on average; \$500,000 to \$1 million, over \$4,000; and over \$1 million, on average you will be getting \$19,000. That is how we distribute 5-year costs, \$200 billion, and rather than let us not make this go into effect and have the \$200 billion go to deficit reduction.

Mr. SPRATT. These two tax provisions, called PEP and Pease, phase-out of the personal exemption and the phase-in limitation on itemized deductions, these two provisions were signed into law by the first President Bush.

When the second President Bush sent up his request for tax cuts, these provisions were not included in his package of proposed tax cuts. They were added by Members and pushed to the very end of the implementation period. They do not actually get cut out or cut back, phased out until the year 2007.

Nevertheless, as you are pointing out, these provisions, if they were simply left in place, would yield enough revenues over time to pay the cost of Katrina and leave a substantial amount of change on the table.

Mr. SCOTT of Virginia. Mr. Speaker, \$200 billion, and instead, we are going after student loans. We are going after food stamps. We are going after Medicaid. This is not something new, somebody taking something somebody already has. This had not even gone into effect yet, where the millionaires get \$19,000. Everybody making less than \$75,000 gets nothing; \$75,000 to \$100,000, you get \$1. You cannot even see on this chart what you get until you get up around \$200,000 in income. So, when we talk about tax cuts for the wealthy, this is what we are talking about, \$200,000.

You talked about paying for Katrina and what that does to our fiscal situa-

tion. This chart shows the annual deficit as you have outlined, if we pay for Katrina and if we do not pay for Katrina, and the solid line shows what the projections are, and the dotted line is if we borrow money and do not pay for Katrina how much more deficit there would be.

This is obviously a blip on the screen because it shows that there is a 1-year deterioration in the budget, but then it goes back. You can hardly tell a difference in the lines later on. It does not make any difference at all later on what we are doing to Katrina.

When this administration came in, there was a projected over \$5 trillion surplus coming in, and by the time they finish, we are looking at in excess of \$3 trillion in deficit for the same 10 years, a \$9 trillion swing, \$200 billion for Katrina, which is the estimated total cost. That is .2. Nobody said anything about the \$9 trillion, and all of the sudden, as you have suggested, they are going to jump up and try to be fiscally conservative by making people cut student loans and food stamps and Medicaid to pay for the .2, which has zero to do with the long-term deterioration in the budget to begin with.

I appreciate your pointing this out to everyone, that the Katrina cost is virtually negligible compared to all of the other damage done to this budget.

Mr. SPRATT. Mr. Speaker, let me return to student loans and yield back to the gentleman because he is far more conversant in student loans than I am.

It is curious that you would turn to student loans, to kids who are accumulating more debt than any generation in America to get a college education, and raise the cost of student loans in order to pay for the cost of Katrina. It just does not strike me as the kind of equitable loading that would support.

Mr. SCOTT of Virginia. Mr. Speaker, I would say if you talk about student loans and helping student loans, if you cut back on the student loan program, somebody has to pick up that weight. The students who are affected by this will be paying thousands of dollars, \$5,000 and \$6,000 more, for their college education than they would have had we not gone after the student loan program to pay for the tax cuts.

Mr. SPRATT. Because they are so devilishly difficult to understand all the fine details that go into the pricing of student loans and the renewability and consolidation. A lot of the details about the changes being proposed are not yet widely disseminated and widely understood. Nevertheless, the students are going to feel it and see it once they realize what the long-term cost of it is and the envelope they have to repay.

Mr. SCOTT of Virginia. The simple bottom line is if you take money out of the student loan program, somebody's going to pay it. It is the students, and it is thousands of dollars more per student.

Mr. SPRATT. I looked the numbers up, and that is why I have got them available, but let me show you how the

reconciliation process works so that the gentleman from Virginia (Mr. SCOTT) can pick up from there.

Originally, when the Republicans decided in their budget resolution that they would cut \$35 billion to facilitate \$70 billion in tax cuts, it had nothing to do with Katrina. It was just one way of diminishing the impact of the tax cuts on the bottom line. Originally, when that \$35 billion number was set as the reconciliation target, the amount that was reconciled to the Committee on Education and the Workforce was \$12.6 billion.

That committee labored diligently. I do not think the gentleman voted for the final product, but it was still \$10.6 billion, \$2 billion less than what was reconciled. Now, all of the sudden comes a claim for an additional \$5.5 billion. Where in the world will the \$5.5 billion come from within the jurisdiction of your committee?

Mr. SCOTT of Virginia. The Committee on Education and the Workforce has essentially three programs they can get the money from: student loans, school lunches, and, to a small extent, job training programs. That is about it.

So when you have billions of dollars coming out of those programs, obviously the students who are borrowing money, the students who eat lunches at school and possibly job training. The job training money is so small that you could wipe the whole program out and still not come up to the billion of dollars you need to reconcile the instruction from the Committee on the Budget. Basically it is student loans and school lunches.

In order to fund tax cuts, in this case as we have shown primarily for the wealthy, and as you have indicated, had we done nothing with the budget, had we not passed the budget, had we not made any changes, just let the budget go on as it usually does without the changes, the bottom line would be over \$100 billion better off if we had done nothing.

Instead we have cut taxes, those well over \$100 billion worth coming up next year, and to make up for some of it, we are going after student loans, school lunches, and other committees and child support payments, facilitating those. We are cutting back on those support services, cutting back on Medicaid and other necessary food stamps.

The kinds of services that Katrina victims would actually need, that is what we are cutting back on to fund not the cost of Katrina, the cost of the tax cuts, because the cuts we are making have not even covered the tax cuts yet. So obviously we are not doing anything in term of the ravages of the hurricanes.

Mr. SPRATT. Already in the bill you have reported, which is \$2 billion short of your targeted amount, and now it is going to be \$5.5 billion more than either targeted amount, already you have reversed the decision to lower origination rates. Your committee has raised the rate effectively on student

loans. You have reversed the decision to increase the amount that students can borrow. You have changed the rates at which they could expect to consolidate their loans. How do you get the additional \$5.5 billion after having done this much already to student loans?

Mr. SCOTT of Virginia. The bottom line is you get it from the students. They will be paying more. Thousands of dollars each on average for student loans, they will have to pay. It is the only way to get it. If you cut the subsidy, somebody's got to pick it up, and it is the students.

We also try to make up for a little bit of it by attacking pensions, those who have pensions in the Pension Guaranty Fund, come up with a little money by adding some fees on to that.

But in terms of trying to meet the requirement of the Committee on the Budget to try to get this thing closer in terms of deficit, student loans and school lunches, it just seems to be an inappropriate priority, and we can certainly do better than that.

Mr. SPRATT. Let us look at the Committee on Ways and Means. In the original budget resolution, the Committee on Ways and Means was largely spared, mainly because the cuts in Ways and Means would mostly fall on Medicare. It is the biggest entitlement within their jurisdiction except for Social Security, and that is not in the cards right now.

Only \$1 billion was reconciled in the way of spending cuts to the Committee on Ways and Means, but now, in recent weeks, in the zeal to get the amount from \$35 billion to \$50 billion, which is reconciled, they have added to the directive for Ways and Means, or they will if this resolution gets passed this week, another \$7 billion, \$8 billion.

□ 2100

Very little of this actually comes out of Medicare because they do not want to touch Medicare for fear that they will have a fight in their own ranks, but this is where it comes from. This is astounding. It comes from child support enforcement. This is the money that we appropriate to match State money to enforce fathers who are not supporting their families to come up with the financial support for their own families. We let them know this program will be robustly funded. We have a national program so they cannot skip from one State to another. We have a State-by-State program so they cannot elude enforcement. They are going to take a reduction in child support enforcement of \$3.8- to \$4 billion in child support enforcement.

Foster care for children and families, foster care families, children not with their own biological families, a cut of \$577 million.

And then Supplemental Security Income, the welfare program of last resort for people who are disabled and the elderly and have nothing else to fall back on. SSI is truly a safety net

program. It will be cut by \$732 million. Do you know how? They will say to people who have back claims for SSI, who qualify for SSI, go through a long process to prove it, and who have a claim settlement at the end of that process, we cannot pay you 100 percent of this. Despite the fact you have been living on next to nothing, we will pay you in installments, so \$732 million out of SSI.

And then in the same bill we are told all of these things that are truly safety net programs, they turn to something called antidumping duties. We impose duties, antidumping duties, on foreign companies in foreign countries that ship goods to us, like steel, below its true market value in the country from which it comes. When we find that people are doing that in order to undercut our domestic industry, we impose antidumping duties on those industries. The law provides that the duties thus collected go to the American companies that are hurt by these illegal trade practices.

What they propose to do is repeal the Byrd amendment which provides for the money to go to these firms. That repeal will not save a dollar. To the contrary, it will cost Federal spending of \$3.2 billion over a 5-year period of time. After squeezing money out of child support enforcement, foster care and SSI, they turn around and give up a \$3.2 billion resource that goes to firms that have been hard hit by unfair foreign trade.

Mr. SCOTT of Virginia. Madam Speaker, let me remind Members, this is the kind of tax cut that is under the jurisdiction of the Committee on Ways and Means. As this chart shows, it is \$200 billion primarily for the wealthy. If a family makes less than \$200,000, you can hardly see what you would get. Instead of going after this tax cut that has not even gone into effect yet, they attack unemployment compensation, SSI, and the child support enforcement services. Those are the kinds of things that make a difference in people's lives.

When I was in the State senate, one of the things that we kept having problems with in child support enforcement was the interstate cases. Virginia could take care of its own cases. We put the resources in to find the responsible parent. We would get the wage withholding. We could take care of the case if it was in Virginia. But once it went out of State, we had problems. Those are the kinds of cases that the child support enforcement from the Federal Government can help.

That is what you are eliminating, and those are the kinds of things that make a difference in people's lives because parents need that child support to help raise the children. If you do not get it, it is much more difficult to raise the children. You have financial stress. We are cutting back on that kind of assistance to people in order to fund the tax cuts, many of which go primarily to the wealthy.

Mr. SPRATT. Madam Speaker, a lot of people say it is necessary for fiscal reasons. We have to balance the budget. They say to us as Democrats, What would you do? And that is fair enough.

Whenever anyone raises this issue, I think it is pertinent for us to point out this is what we did. Beginning in 1992, after President Clinton came to office, January 20, 1993, on February 17, 1993, the first piece of legislation he sent to the Congress was a 5-year budget to cut a deficit of \$290 billion, he inherited that deficit, to cut it in half over the next 5 years. This is what happened. Every year thereafter, 1993, 1994, 1995, 1996, every year thereafter, the bottom line of the budget got better and better and better, to the point where in 1996 we had a deficit of about \$120 billion. We convened again under his auspices, the President's auspices, and we passed the Balanced Budget Act of 1997. As a consequence of that, in 2 years the budget was not just in surplus, it was in a surplus of \$236 billion.

So all of this is history. This is where we took the budget, and this is where we handed it off, at that point, with a surplus just below \$200 billion. We handed the budget over to President Bush, and every year thereafter, except this year, the bottom line is that the budget got worse. It got marginally better this year, but as this chart shows, it is still \$320 billion.

As I said, under the basics of the Bush administration's budget, the highlights of his budget, the things that he is pushing us to do, if we follow that course, CBO tells us we will incur a deficit in 10 years of \$640 billion, twice today's deficit, and the debt service of the United States will go up threefold from \$182 billion to \$458 billion.

Mr. SCOTT of Virginia. Madam Speaker, as we look at that chart where each year under the Clinton administration was better than the one before, and we went into such surplus that when Chairman Greenspan was testifying before Congress in 2001, he was answering questions like, What happens if we pay off the entire national debt? What is going to happen to the bond market? What is going to happen to interest rates?

We had at that point projected we would be able to pay off the national debt held by the public by 2008. By 2013, if we were continuing to run surpluses, we would be able to put all of the money back in the trust funds. Members talk about Social Security being empty. Social Security would have had gotten all its money back, and there would be assets in the trust fund, not the IOUs we have now.

But in 2001, Congress passed massive tax cuts, President Bush signed them, and we see what happened.

Now, Members will remember in 1995 when the Republicans took over the United States House and Senate, they also passed massive tax cuts. What happened to those tax cuts in 1995? What did President Clinton do to those tax cuts?

Mr. SPRATT. Madam Speaker, he vetoed those tax cuts.

Mr. SCOTT of Virginia. And Republicans threatened to close down the government. In fact, they closed down the government, but President Clinton refused to sign those massive tax cuts we could not afford. Year by year he held that veto pen out to make sure that we did not do anything irresponsible, and we ran up those surpluses.

The first thing this President did was sign those massive tax cuts that we could not afford, and we see what happened.

I think it would be helpful if the gentleman would explain what PAYGO means to know how we could maintain that fiscal discipline.

Mr. SPRATT. Madam Speaker, this was not just serendipity or good luck. We had a good economy, but we also had a good set of budget policies and a good budget converging with a good economy.

One of the things that we did in 1991 under the first President Bush, we adopted a set of budget rules in the Budget Enforcement Act. One of these required every budget to be a 5-year budget.

Secondly, another rule required that we put a cap on discretionary spending. We cap and limit on a 5-year basis the money that we appropriate every year for discretionary programs. These are discretionary programs.

Thirdly, we adopted something called a pay-as-you-go rule. It was a very effective rule which simply provided if Members want to increase the benefits under an entitlement program, Medicare, Social Security, whatever it may be, you have to either pay for it or cut some other entitlement by an equal amount. By the same token, we said if you want to cut taxes when we have a huge deficit, you have to pay for those tax cuts, offset those tax cuts, either with a spending cut of equal amount or with a tax increase elsewhere in the Code of an equal amount so it is deficit-neutral, it does not impact and worsen the deficit. Those rules proved to be extremely helpful as we moved the budget from a \$290 billion deficit in 1992 to a \$236 billion surplus in the year 2000.

Mr. SCOTT of Virginia. Madam Speaker, with PAYGO, that means if you want to have a new spending program, you have to cut spending somewhere else or raise taxes to pay for it. If you have a new tax cut, either you have to cut spending that same amount or raise some other taxes, but you have to pay as you go. What happens under that is if you have natural growth, you can do better each year on the deficit. But what happened in 2001 with PAYGO?

Mr. SPRATT. Madam Speaker, in 2001, 2002, PAYGO, the multiyear spending caps and the sequestration provision, all of the budget enforcement rules that we put in specially in 1991 that served us so well in the 1990s, were allowed to expire. Why? Because

the PAYGO rule would have impeded further tax cuts when we had still big deficits.

Mr. SCOTT of Virginia. Therefore, when the tax cuts were offered, they did not have to be paid for. So the question was not how would you like some new tax cuts with these spending cuts, or how would you like these tax cuts with increased taxes here to pay for them; the question before us was: How would you like some tax cuts? Congress said, well, I think I will.

At the same time, how would you like some more spending increases? You do not have to raise taxes to pay for them and/or cut other spending, so the question before you is how would you like to spend more money? Well, I think I will. This chart shows what happened.

Mr. SPRATT. Here is a good account. Defense, for reasons we all understand, has gone up substantially from the year 2000 to the year 2011. This is a projection. It will increase from about \$300 billion to \$600 billion over that period of time.

When the President talks about the increase in spending as if he is laying the blame on the Congress, and in truth most of it is coming in defense accounts, and all of it has been requested by the President of the United States. We have appropriated. I voted for it. I do not think you send troops in the field and give them a tough mission to do and not back them up. But let us be honest where the spending increases he decries are really coming from. They are coming from defense.

This layer right here was what was planned for defense in January 2001. This red layer is what the Bush administration added to it in the way of policy. It is mainly new equipment, personnel and things of that nature. This is the cost of Iraq, Afghanistan and future war costs here; also, the cost of waging the war on terror, but it does not include homeland security. This is cost risk because the Pentagon typically has overruns in its programs. CBO said it is reasonable to assume they will miss their targets by at least this amount.

When you put all these layers together, you see a budget increase from \$300 billion to \$600 billion over a 10-year period of time. At the same time all of this is being done, more or less deliberately, stacked on top of each other, we are having substantial tax cuts. When you put together these two factors, the defense spending increases and the tax cut decreases, you begin to see the emergence of the deficits that we are struggling to deal with today.

Mr. SCOTT of Virginia. Madam Speaker, I just want to emphasize the fact that all of these cuts in spending today are not due and have virtually nothing to do with Hurricane Katrina. They are there whether Hurricane Katrina spending happened or not.

Mr. SPRATT. It is a reaction to this curve right here, a recognition that the chickens are coming home to roost. All

of the bad budget decisions and fiscal policy risks that have been taken are not breaking favorably, are beginning to accumulate, and we have increasing deficits that require dramatic action.

The problem is, and there is recognition of the problem finally, and that is good. There is reaction to it, and that is good, but the resolution that is before us, the reaction that is being taken, the substance of it, does not really address the problem. And, if anything, it worsens the problem because it adds to the deficit rather than diminishing the deficit.

That is why we are out here trying to explain this somewhat complicated fact in the face of what is posing to be, taken as a pretext to be, a fiscal responsibility initiative.

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Mr. SCOTT of Virginia. Madam Speaker, as this chart shows, we could have done better, and we did do better when President Clinton vetoed the irresponsible budgets and there were enough Democrats in Congress to sustain those vetoes. And if we look at that chart, every year is better than the one before. And when this administration came in in 2001, they inherited a 10-year \$5 trillion surplus, \$5 trillion surplus; and now it looks like those same 10 years will run into a deficit of over \$3 trillion, a total of over \$9 trillion.

Mr. SPRATT. In the wrong direction.

Mr. SCOTT of Virginia. In the wrong direction.

Mr. SPRATT. Madam Speaker, I thank the gentleman for his comments.

THE FEDERAL BUDGET

The SPEAKER pro tempore (Mrs. SCHMIDT). Under the Speaker's announced policy of January 4, 2005, the gentleman from Texas (Mr. HENSARLING) is recognized for 60 minutes as the designee of the majority leader.

Mr. HENSARLING. Madam Speaker, it is interesting that tonight the American people will hear from both sides of the aisle on a very important topic. That topic has to do with how we are going to pay for all of the relief funds that are necessary for the hurricanes that have caused such damage and wreaked such havoc upon our gulf coast.

What is very interesting for us to note tonight, and the American people need to know this, Madam Speaker, there are really only three different places that these funds can come from. Either, number one, in order to relieve human suffering along the gulf coast, we are going to pass debt on to our children, or we are going to raise taxes on the American people, or we can do what the Republicans on this side of the aisle want to do, and that is restrain the growth of government, ask maybe the Federal budget to tighten its belt just a little bit so that families do not have to tighten their belt instead.